

STATE OF CALIFORNIA  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
INVESTMENT COMMITTEE  
  
DELEGATION RESOLUTION

**Subject:** Professional Staff  
Alternative Investment Management (AIM)

**Delegation No:** 07-02-INV

WHEREAS,

1. In accordance with Government Code section 20120, the Board of Administration of the California Public Employees' Retirement System (the Board) is charged with the administration and management of the California Public Employees' Retirement System (CalPERS), and
2. In accordance with Government Code section 20171, the Board is also charged with the exclusive control of the administration and investment of the Public Employees' Retirement Fund (the Fund), and
3. In accordance with Article XVI, section 17 of the California Constitution, the Board has plenary authority and fiduciary responsibility for the investment of CalPERS assets, and
4. In accordance with Government Code section 20099, the Board is authorized to appoint a committee of one or more of its members to perform any act within the power of the Board itself to perform, and may through express delegation authorize any such committee to act finally, and
5. In accordance with Government Code section 20099, the Board may authorize its Chief Executive Officer (CEO) to perform any act within the power of the Board itself to perform, and may through express delegation authorize the CEO to act finally, and
6. The Board has adopted a Statement of Governance Principles relevant to the granting of delegations, and
7. Through Board Delegation Resolution No. 89-01 and pursuant to Government Code section 20191, the Board delegated to its Investment Committee the authority to make, through final action and by the affirmative vote of at least seven members, any investment authorized by law, and to re-delegate its authority to others, and

Effective February 20, 2007

Revised May 17, 2010 May 17, 2010 to delegate authority to the CIO and rescind SIO-AIM authority  
Revised June 13, 2011 to delegate authority to the CIO and the SIO-AIM

8. Through Board Delegation Resolution No. 04-05-BD and pursuant to Government Code section 20191, the Investment Committee re-delegated to its Policy Subcommittee the authority to draft new policies and recommend modifications to existing policies to the Investment Committee, provide periodic reports to the Investment Committee, and make other necessary or appropriate recommendations to the Investment Committee, and
9. Through Board Delegation No. 95-101, the Board has delegated to the CEO principal authority and responsibility to direct and manage staff to execute the policies adopted by the Board and administer the various programs consistent with the policies, and to re-delegate to others, and
10. The Board and its committees retain the implied authority, pursuant to Government Code section 20099, to re-delegate their authority directly to the Chief Investment Officer (CIO) and such re-delegations are deemed to have been made through the CEO and the CIO.

RESOLVED,

- (A) Recognizing the respective roles of the CEO as the internal leader of the organization and the CIO as the principal investment expert, and yet also wishing to gain the full benefit of the unique alternative investment expertise of the Senior Investment Officer (SIO)-AIM, the Investment Committee hereby delegates to the CIO and the SIO-AIM, the authority described in the attached Alternative Investment Management Delegations (the "Delegations").
- (B) Where such Delegations do not prohibit sub-delegation, the CIO and the SIO-AIM is authorized to re-delegate to his or her responsible subordinates any portion or all of the responsibility delegated to the CIO and the SIO-AIM.
- (C) Where such Delegations do not specifically require the Investment Committee's review or ratification prior to action, the CIO or the SIO-AIM has the authority to act finally, and to re-delegate, and will be responsible and accountable for his or her actions.
- (D) The exercise of authority under the Delegations shall be reported to the Investment Committee in sufficient detail to keep the Investment Committee appropriately informed and in order for the Investment Committee to monitor the performance of the CIO and the SIO-AIM.

- (E) Upon adoption by the Investment Committee all Delegations will expressly supercede all prior delegations regarding AIM to the CIO and the SIO-AIM, including without limitation, the AIM authority delegated to in the former SIO-AIM using the same interim AIM eDelegation number (No. 07-02-INV, ) that was rescinded on May 5, 2010 revised May 17, 2010.
- (F) It is understood that the AIM eDelegation, and the grant of authority are created with the intent to fully comply with, in letter and in spirit, with all federal and state laws and regulations, as well as CalPERS Policies and procedures as approved by the Investment Committee or the full Board of Administration.

\_\_\_\_\_  
GEORGE DIEHR  
CHAIR, INVESTMENT COMMITTEE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

I accept this delegation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
JOSEPH A. DEAR  
CHIEF INVESTMENT OFFICER  
INVESTMENT OFFICE  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

I accept this delegation.

Dated: \_\_\_\_\_

\_\_\_\_\_  
REAL DESROCHERS  
SENIOR INVESTMENT OFFICER – AIM  
INVESTMENT OFFICE  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT  
SYSTEM

## Alternative Investment Management (AIM) Delegations

Within each of the following subject areas (as shown in italics), the Investment Committee delegates (as shown in bold) the following authority to the CIO or and SIO-AIM:

### *I. Authority to Allocate Assets*

#### *A. Authority to Establish Asset Classes and Asset Allocation (Targets and Ranges) for the Total Fund*

*(No Delegation)*

#### *B. Authority to Establish Programs/Sectors Within an Existing Asset Class*

1. **Consistent with policy and the investment limits set forth herein, to establish Programs/Sectors within the AIM Asset Class.**

AIM Investment Policy, Section V

#### *C. Authority to Make Allocation Decisions Within the Asset Class and Among Programs/Sectors*

1. **Consistent with policy and the investment limits set forth herein, to manage allocation decisions within the AIM Asset Class and among its Programs/Sectors.**

AIM Investment Policy, Section V

### *II. Authority to Make Investment Decisions*

#### *A. Authority to Directly Invest In and Dispose of Public Securities*

1. **To manage the disposition of any public securities received as a distribution from a limited partnership to which AIM is committed.**

AIM Investment Policy, Section V

*B. Authority to Select, Commit Funds to, and Dispose of/Exit Investments in Private Investment Vehicles*

Investment Committee approval will be required for commitments beyond those authorized for the SIO-AIM or the CIO. If there is a vacancy in the CIO position, Investment Committee approval will be required for commitment authority otherwise delegated to the CIO.

1. To limit the aggregate commitment to any general partner to no more than 10% of AIM's total committed capital.
2. For top-quartile funds, to limit AIM's commitment to no more than 25% of the fund, with ~~CIO~~ SIO-AIM approval required for amounts up to 4% of the AIM Policy Target and CIO approval for amounts up to 8.0% of the AIM Policy Target.
3. For second quartile funds, to limit AIM's commitment to no more than 25% of the fund, with ~~CIO~~ SIO-AIM approval required for amounts up to .75% of the AIM Policy Target and CIO approval for amounts up to 1.5% of the AIM Policy Target.
4. For New Emerging Management Teams, to limit AIM's commitment to no more than 25% of the fund, with ~~CIO~~ SIO-AIM approval required for amounts up to .75% of the AIM Policy Target and CIO approval for amounts up to 1.5% of the AIM Policy Target.
5. To manage all ongoing portfolio maintenance, including amendments, consents, waivers, and sales/dispositions.

AIM Investment Policy, Section V

*C. Authority to Directly Invest In and Dispose Of Private Securities*

Investment Committee approval will be required for commitments beyond those authorized for the SIO-AIM or the CIO. If there is a vacancy in the CIO position, Investment Committee approval will be required for commitment authority otherwise delegated to the CIO.

1. For New Vehicles, ~~CIO~~ SIO-AIM may approve commitment up to 3% of AIM Policy Target and CIO may approve commitment up to 4.5% of AIM Policy Target. Furthermore, CIO may approve an increase in committed capital to an existing new vehicle with top quartile performance by up to 20%.

2. **For co-investments, provided the fund is making an equal or larger commitment and the investment is smaller than AIM's commitment to the fund, the ~~CIO~~SIO-AIM may approve a commitment of up to ~~1.5%~~75% of the AIM Policy Target and the CIO may approve up to 1.5% of the AIM Policy Target.**
3. **For Direct Investments, to limit AIM's commitment to no more than .5% of AIM Policy Target.**
4. **To manage all ongoing portfolio maintenance, including amendments, consents, waivers, and sales/dispositions.**

AIM Investment Policy, Section V

*D. Authority to Fund Investment Managers Retained through a Contractual Arrangement (pursuant to public contracting process)*

*(No Delegation)*

*E. Authority Relating to Shareowner Resolutions and Proxy Execution*

1. **To manage all ongoing portfolio maintenance, including amendments, consents, waivers, and sales/dispositions.**

AIM Investment Policy, Section V

*III. Authority to Make Contracting Decisions*

*A. Authority to Select and Terminate Investment Managers (obtained through public contracting process)*

1. **Consistent with the investment limits set forth herein, to select and terminate investment managers obtained through public contracting process.**

AIM Investment Policy, Section V

*B. Authority to Select and Terminate Investment Consultants Other than the Board's Investment Consultants*

1. **Staff may establish a "spring-fed pool" of External Resources to meet the Program needs.**

AIM Investment Policy, Section V

2. **The CIO shall have authority to use the “best business practice” exemption from competitive bidding to hire External Resources, but only on a highly selective basis, when necessitated by the urgent nature of the work and where the pool of existing External Resources and Consultants is inadequate. Use of this exemption must be reported monthly to the Investment Committee.**

AIM Investment Policy, Section V